



ANNUAL STATEMENT
For the Year Ending December 31, 2009
OF THE CONDITION AND AFFAIRS OF THE
Care Improvement Plus South Central Insurance Company

NAIC Group Code	4443 (Current Period)	4443 (Prior Period)	NAIC Company Code	12567	Employer's ID Number	20-3888112
Organized under the Laws of	Arkansas		State of Domicile or Port of Entry	Arkansas		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[X] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] N/A[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[]	
Incorporated/Organized	01/13/2006		Commenced Business	01/01/2007		
Statutory Home Office	400 West Capitol, Suite 2000 (Street and Number)		Little Rock, AR 72201 (City or Town, State and Zip Code)			
Main Administrative Office	Baltimore, MD 21201 (City or Town, State and Zip Code)		351 W. Camden Street, Suite 100 (Street and Number)		(410)625-2200 (Area Code) (Telephone Number)	
Mail Address	351 W. Camden Street, Suite 100 (Street and Number or P.O. Box)		Baltimore, MD 21201 (City or Town, State and Zip Code)			
Primary Location of Books and Records	Baltimore, MD 21201 (City or Town, State and Zip Code)		351 W. Camden Street, Suite 100 (Street and Number)		(410)625-2200 (Area Code) (Telephone Number)	
Internet Website Address	www.careimprovementplus.com					
Statutory Statement Contact	Rebecca Elaine Keller (Name) rkeller@xlhealth.com (E-Mail Address)		(410)735-8730 (Area Code)(Telephone Number)(Extension) (410)244-8347 (Fax Number)			

OFFICERS

Name	Title
Frederick Clark Dunlap	Chairman, CEO & President
Paul Anthony Serini	Secretary & EVP
Mete Sahin	Treasurer & CFO
Robb Andrew Cohen	CGAO
Daniel Jay Friedman	Assistant Secretary & CLO
Suresh Ramakrishnan	CIO
Laura June Ciavola	Senior VP of Claims & Systems Intergration
John Richard Mach Jr., M.D	Chief Medical Officer #
Joseph Lee Spruiell	Senior Vice President, Field Operations #

OTHERS

DIRECTORS OR TRUSTEES

Frederick Clark Dunlap Paul Anthony Serini
Mete Sahin #

State of _____
County of _____ ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) Frederick Clark Dunlap	(Signature) Paul Anthony Serini	(Signature) Mete Sahin
(Printed Name) 1.	(Printed Name) 2.	(Printed Name) 3.
Chairman, CEO & President	Secretary & EVP	Treasurer & CFO
(Title)	(Title)	(Title)

Subscribed and sworn to before me this _____ day of _____, 2010
a. Is this an original filing? Yes[X] No[]
b. If no, 1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)	922,255		922,255	953,032
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances)				
4.2	Properties held for the production of income (less \$.....0 encumbrances)				
4.3	Properties held for sale (less \$.....0 encumbrances)				
5.	Cash (\$.....38,017,696 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....68,994,918 Schedule DA)	107,012,614		107,012,614	141,173,219
6.	Contract loans (including \$.....0 premium notes)				
7.	Other invested assets (Schedule BA)				
8.	Receivables for securities				
9.	Aggregate write-ins for invested assets				
10.	Subtotals, cash and invested assets (Lines 1 to 9)	107,934,870		107,934,870	142,126,251
11.	Title plants less \$.....0 charged off (for Title insurers only)				
12.	Investment income due and accrued	27,480		27,480	21,105
13.	Premiums and considerations:				
13.1	Uncollected premiums and agents' balances in the course of collection	3,030,301		3,030,301	8,287,489
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
13.3	Accrued retrospective premiums	19,922,933		19,922,933	30,727,285
14.	Reinsurance:				
14.1	Amounts recoverable from reinsurers	771,835		771,835	632,155
14.2	Funds held by or deposited with reinsured companies				
14.3	Other amounts receivable under reinsurance contracts				
15.	Amounts receivable relating to uninsured plans	28,747,819		28,747,819	454,151
16.1	Current federal and foreign income tax recoverable and interest thereon	4,249,009		4,249,009	10,471,000
16.2	Net deferred tax asset				
17.	Guaranty funds receivable or on deposit				
18.	Electronic data processing equipment and software				
19.	Furniture and equipment, including health care delivery assets (\$.....0)				
20.	Net adjustment in assets and liabilities due to foreign exchange rates				
21.	Receivables from parent, subsidiaries and affiliates	9,862,556		9,862,556	6,213,607
22.	Health care (\$.....8,415,776) and other amounts receivable	15,108,010	6,692,234	8,415,776	2,099,912
23.	Aggregate write-ins for other than invested assets	153,721		153,721	188,883
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	189,808,534	6,692,234	183,116,300	201,221,838
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26.	Total (Lines 24 and 25)	189,808,534	6,692,234	183,116,300	201,221,838
DETAILS OF WRITE-INS					
0901.	.....			
0902.	.....			
0903.	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301.	Premium Tax Receivable	153,721		153,721	188,883
2302.	.....			
2303.	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	153,721		153,721	188,883

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....897,008 reinsurance ceded)	103,989,251		103,989,251	106,091,118
2.	Accrued medical incentive pool and bonus amounts	109,123		109,123	
3.	Unpaid claims adjustment expenses	1,810,925		1,810,925	1,466,340
4.	Aggregate health policy reserves	4,718,235		4,718,235	947,144
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance	9,000		9,000	108,348
9.	General expenses due or accrued				
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable	317,893		317,893	503,305
12.	Amounts withheld or retained for the account of others				
13.	Remittances and items not allocated				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates	80		80	
16.	Payable for securities				
17.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured plans				20,110,540
21.	Aggregate write-ins for other liabilities (including \$.....131,000 current)	131,000		131,000	
22.	TOTAL Liabilities (Lines 1 to 21)	111,085,507		111,085,507	129,226,795
23.	Aggregate write-ins for special surplus funds	X X X	X X X		
24.	Common capital stock	X X X	X X X	750,000	100,000
25.	Preferred capital stock	X X X	X X X		
26.	Gross paid in and contributed surplus	X X X	X X X	174,112,960	157,312,960
27.	Surplus notes	X X X	X X X		
28.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
29.	Unassigned funds (surplus)	X X X	X X X	(102,832,167)	(85,417,916)
30.	Less treasury stock, at cost:				
30.1	.....0 shares common (value included in Line 24 \$.....0)	X X X	X X X		
30.2	.....0 shares preferred (value included in Line 25 \$.....0)	X X X	X X X		
31.	TOTAL Capital and Surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	72,030,793	71,995,044
32.	TOTAL Liabilities, Capital and Surplus (Lines 22 and 31)	X X X	X X X	183,116,300	201,221,839
DETAILS OF WRITE-INS					
2101.	Claims Interest Payable	131,000		131,000	
2102.	.....			
2103.	.....			
2198.	Summary of remaining write-ins for Line 21 from overflow page				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)	131,000		131,000	
2301.	.....	X X X	X X X		
2302.	.....	X X X	X X X		
2303.	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801.	.....	X X X	X X X		
2802.	.....	X X X	X X X		
2803.	.....	X X X	X X X		
2898.	Summary of remaining write-ins for Line 28 from overflow page	X X X	X X X		
2899.	TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	482,570	528,609
2.	Net premium income (including \$.....0 non-health premium income)	X X X	745,346,933	690,374,391
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$.....0 medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X		
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	TOTAL Revenues (Lines 2 to 7)	X X X	745,346,933	690,374,391
Hospital and Medical:				
9.	Hospital/medical benefits		574,065,812	567,353,086
10.	Other professional services		4,034,534	3,054,428
11.	Outside referrals			
12.	Emergency room and out-of-area			
13.	Prescription drugs		38,383,030	73,758,105
14.	Aggregate write-ins for other hospital and medical		961,584	1,129,711
15.	Incentive pool, withhold adjustments and bonus amounts		109,123	
16.	Subtotal (Lines 9 to 15)		617,554,083	645,295,330
Less:				
17.	Net reinsurance recoveries		741,682	2,181,903
18.	TOTAL Hospital and Medical (Lines 16 minus 17)		616,812,401	643,113,427
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including \$.....24,559,268 cost containment expenses		60,905,155	42,331,756
21.	General administrative expenses		77,139,462	58,583,372
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			
23.	TOTAL Underwriting Deductions (Lines 18 through 22)		754,857,018	744,028,555
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(9,510,085)	(53,654,164)
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		(517,643)	3,667,396
26.	Net realized capital gains (losses) less capital gains tax of \$.....0			1,834
27.	Net investment gains (losses) (Lines 25 plus 26)		(517,643)	3,669,230
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....2,593,226)]		(2,593,226)	(8,021,036)
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	(12,620,954)	(58,005,970)
31.	Federal and foreign income taxes incurred	X X X	(1,432,767)	(10,471,000)
32.	Net income (loss) (Lines 30 minus 31)	X X X	(11,188,187)	(47,534,970)
DETAILS OF WRITE-INS				
0601.	.....	X X X		
0602.	.....	X X X		
0603.	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701.	Misc Revenue	X X X		
0702.	.....	X X X		
0703.	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	Transportation Costs		961,584	1,129,711
1402.	.....		
1403.	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		961,584	1,129,711
2901.	.....		
2902.	.....		
2903.	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	71,995,044	36,324,678
34.	Net income or (loss) from Line 32	(11,188,187)	(47,534,970)
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax	(18,593,295)	1,656,753
39.	Change in nonadmitted assets	12,367,230	(775,218)
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in	650,000	
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in	17,450,000	70,700,000
45.2	Transferred to capital (Stock Dividend)	(650,000)	
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus		11,623,800
48.	Net change in capital and surplus (Lines 34 to 47)	35,748	35,670,365
49.	Capital and surplus end of reporting year (Line 33 plus 48)	72,030,792	71,995,043
DETAILS OF WRITE-INS			
4701.	Correction of an Error - 2007 Audit Adjustments		11,623,800
4702.	.....	
4703.	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		11,623,800

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	764,895,286	662,546,335
2.	Net investment income	(362,242)	3,935,361
3.	Miscellaneous income		
4.	Total (Lines 1 through 3)	764,533,044	666,481,696
5.	Benefit and loss related payments	631,459,273	680,808,791
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	188,697,466	95,653,460
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	(7,654,758)	0
10.	Total (Lines 5 through 9)	812,501,981	776,462,251
11.	Net cash from operations (Line 4 minus Line 10)	(47,968,937)	(109,980,555)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds		11,530,992
12.2	Stocks		103,490,911
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		971
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)		115,022,874
13.	Cost of investments acquired (long-term only):		
13.1	Bonds		5,280,195
13.2	Stocks		51,508,372
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		0
13.7	Total investments acquired (Lines 13.1 to 13.6)		56,788,567
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)		58,234,307
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock	17,450,000	67,500,000
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	(3,641,669)	20,772,680
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	13,808,331	88,272,680
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(34,160,606)	36,526,432
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	141,173,219	104,646,787
19.2	End of year (Line 18 plus Line 19.1)	107,012,614	141,173,219

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001		
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income	745,346,933						745,346,933			
2.	Change in unearned premium reserves and reserve for rate credit										
3.	Fee-for-service (net of \$.....0 medical expenses)										X X X
4.	Risk revenue										X X X
5.	Aggregate write-ins for other health care related revenues										X X X
6.	Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	TOTAL Revenues (Lines 1 to 6)	745,346,933						745,346,933			
8.	Hospital/medical benefits	574,065,812						574,065,812			X X X
9.	Other professional services	4,034,534						4,034,534			X X X
10.	Outside referrals										X X X
11.	Emergency room and out-of-area										X X X
12.	Prescription drugs	38,383,030						38,383,030			X X X
13.	Aggregate write-ins for other hospital and medical	961,584						961,584			X X X
14.	Incentive pool, withhold adjustments and bonus amounts	109,123						109,123			X X X
15.	Subtotal (Lines 8 to 14)	617,554,083						617,554,083			X X X
16.	Net reinsurance recoveries	741,682						741,682			X X X
17.	TOTAL Hospital and Medical (Lines 15 minus 16)	616,812,401						616,812,401			X X X
18.	Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses including \$.....24,559,268 cost containment expenses	60,905,155						60,905,155			
20.	General administrative expenses	77,139,462						77,139,462			
21.	Increase in reserves for accident and health contracts										X X X
22.	Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	TOTAL Underwriting Deductions (Lines 17 to 22)	754,857,018						754,857,018			
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	(9,510,085)						(9,510,085)			
DETAILS OF WRITE-INS											
0501.	.....										X X X
0502.	.....										X X X
0503.	.....										X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page										X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)										X X X
0601.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	Transportation Costs	961,584						961,584			X X X
1302.	.....										X X X
1303.	.....										X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page										X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)	961,584						961,584			X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
		Direct	Reinsurance	Reinsurance	Net Premium
Line of Business		Business	Assumed	Ceded	Income
					(Columns
					1 + 2 - 3)
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan .....	.....	.....	.....	.....
6.	Title XVIII - Medicare	748,818,333	.....	3,471,399	745,346,934
7.	Title XIX - Medicaid .....	.....	.....	.....	.....
8.	Other health .....	.....	.....	.....	.....
9.	Health subtotal (Lines 1 through 8)	748,818,333	.....	3,471,399	745,346,934
10.	Life .....	.....	.....	.....	.....
11.	Property/casualty .....	.....	.....	.....	.....
12.	TOTALS (Lines 9 to 11)	748,818,333	3,471,399	745,346,934

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	631,949,669						631,949,669			
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	490,395						490,395			
1.4 Net	631,459,274						631,459,274			
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	104,886,259						104,886,259			
3.2 Reinsurance assumed										
3.3 Reinsurance ceded	897,008						897,008			
3.4 Net	103,989,251						103,989,251			
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	109,123						109,123			
6. Net healthcare receivables (a)	12,514,449						12,514,449			
7. Amounts recoverable from reinsurers December 31, current year	771,835						771,835			
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	106,876,519						106,876,519			
8.2 Reinsurance assumed										
8.3 Reinsurance ceded	785,401						785,401			
8.4 Net	106,091,118						106,091,118			
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year										
11. Amounts recoverable from reinsurers December 31, prior year	632,155						632,155			
12. Incurred benefits:										
12.1 Direct	617,444,960						617,444,960			
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	741,682						741,682			
12.4 Net	616,703,278						616,703,278			
13. Incurred medical incentive pools and bonuses	109,123						109,123			

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	12,012,359						12,012,359			
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	12,012,359						12,012,359			
2. Incurred but Unreported:										
2.1 Direct	92,873,900						92,873,900			
2.2 Reinsurance assumed										
2.3 Reinsurance ceded	897,008						897,008			
2.4 Net	91,976,892						91,976,892			
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	104,886,259						104,886,259			
4.2 Reinsurance assumed										
4.3 Reinsurance ceded	897,008						897,008			
4.4 Net	103,989,251						103,989,251			

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan .....	.....	.....	.....	.....	.....	.....
6.	Title XVIII - Medicare	101,545,947	529,773,648	704,904	103,284,347	102,250,850	106,091,118
7.	Title XIX - Medicaid .....	.....	.....	.....	.....	.....	.....
8.	Other health .....	.....	.....	.....	.....	.....	.....
9.	Health subtotal (Lines 1 to 8)	101,545,947	529,773,648	704,904	103,284,347	102,250,850	106,091,118
10.	Healthcare receivables (a) .....	.....	15,016,368	.....	.....	.....	2,501,919
11.	Other non-health .....	.....	.....	.....	.....	.....	.....
12.	Medical incentive pool and bonus amounts .....	.....	.....	.....	109,123	.....	.....
13.	TOTALS (Lines 9 - 10 + 11 + 12)	101,545,947	514,757,280	704,904	103,393,470	102,250,850	103,589,199

(a) Excludes \$......0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior					
2.	2005					
3.	2006	X X X				
4.	2007	X X X	X X X	217,851	361,772	362,006
5.	2008	X X X	X X X	X X X	538,239	642,053
6.	2009	X X X	X X X	X X X	X X X	514,757

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior					
2.	2005					
3.	2006	X X X				
4.	2007	X X X	X X X	362,989	364,089	362,006
5.	2008	X X X	X X X	X X X	642,013	642,758
6.	2009	X X X	X X X	X X X	X X X	618,150

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2005										
2.	2006										
3.	2007	389,168	362,006	49,849	13.770	411,855	105.830			411,855	105.830
4.	2008	690,374	642,053	44,681	6.959	686,734	99.473	705	12	687,451	99.577
5.	2009	745,347	514,757	50,431	9.797	565,188	75.829	103,393	1,799	670,380	89.942

12 Total

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XVIII - Medicare
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior					
2.	2005					
3.	2006	X X X				
4.	2007	X X X	X X X	217,851	361,772	362,006
5.	2008	X X X	X X X	X X X	538,239	642,053
6.	2009	X X X	X X X	X X X	X X X	514,757

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior					
2.	2005					
3.	2006	X X X				
4.	2007	X X X	X X X	362,989	364,089	362,006
5.	2008	X X X	X X X	X X X	642,013	642,758
6.	2009	X X X	X X X	X X X	X X X	618,150

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2005										
2.	2006										
3.	2007	389,168	362,006	49,849	13.770	411,855	105.830			411,855	105.830
4.	2008	690,374	642,053	44,681	6.959	686,734	99.473	705	12	687,451	99.577
5.	2009	745,347	514,757	50,431	9.797	565,188	75.829	103,393	1,799	670,380	89.942

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves									
2. Additional policy reserves (a)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$.....0) for investment income	4,718,235						4,718,235		
5. Aggregate write-ins for other policy reserves									
6. TOTALS (Gross)	4,718,235						4,718,235		
7. Reinsurance ceded									
8. TOTALS (Net) (Page 3, Line 4)	4,718,235						4,718,235		
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. TOTALS (Gross)									
13. Reinsurance ceded									
14. TOTALS (Net) (Page 3, Line 7)									
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page									
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)									
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page ..									
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) ..									

(a) Includes \$.....0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....0 for occupancy of own building)	592,151	987,040	1,867,580		3,446,771
2.	Salaries, wages and other benefits	8,031,204	13,734,188	25,329,564		47,094,956
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed)			19,507,984		19,507,984
4.	Legal fees and expenses	353,500	176,750	176,750		707,000
5.	Certifications and accreditation fees	91,212	152,039	287,674		530,925
6.	Auditing, actuarial and other consulting services		1,684,926	2,591,086	57,840	4,333,852
7.	Traveling expenses	465,996	465,996	931,991		1,863,983
8.	Marketing and advertising	745,191	536,537	6,847,415		8,129,143
9.	Postage, express and telephone	876,597	876,597	1,753,194		3,506,388
10.	Printing and office supplies	151,717	252,893	478,499		883,109
11.	Occupancy, depreciation and amortization	1,065,559	2,131,117	1,065,559		4,262,235
12.	Equipment	749,349				749,349
13.	Cost or depreciation of EDP equipment and software					
14.	Outsourced services including EDP, claims, and other services	11,249,753	14,939,295	15,562,450		41,751,498
15.	Boards, bureaus and association fees	1,469	2,449	4,634		8,552
16.	Insurance, except on real estate	131,868	131,868	131,868	16,483	412,087
17.	Collection and bank service charges		220,490	220,490	110,245	551,225
18.	Group service and administration fees					
19.	Reimbursements by uninsured plans					
20.	Reimbursements from fiscal intermediaries					
21.	Real estate expenses					
22.	Real estate taxes					
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes					
23.2	State premium taxes					
23.3	Regulator authority licenses and fees					
23.4	Payroll taxes	53,702	53,702	53,702	6,713	167,819
23.5	Other (excluding federal income and real estate taxes)			329,022		329,022
24.	Investment expenses not included elsewhere					
25.	Aggregate write-ins for expenses					
26.	TOTAL Expenses Incurred (Lines 1 to 25)	24,559,268	36,345,887	77,139,462	191,281	(a) 138,235,898
27.	Less expenses unpaid December 31, current year		1,810,925			1,810,925
28.	Add expenses unpaid December 31, prior year		1,466,340			1,466,340
29.	Amounts receivable relating to uninsured plans, prior year					
30.	Amounts receivable relating to uninsured plans, current year					
31.	TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	24,559,268	36,001,302	77,139,462	191,281	137,891,313
DETAILS OF WRITE-INS						
2501.	.....				
2502.	.....				
2503.	.....				
2598.	Summary of remaining write-ins for Line 25 from overflow page					
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)					

(a) Includes management fees of \$.....137,888,701 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a)..... 2,610	..... 2,640
1.1	Bonds exempt from U.S. tax	(a).....	.....
1.2	Other bonds (unaffiliated)	(a).....	.....
1.3	Bonds of affiliates	(a).....	.....
2.1	Preferred stocks (unaffiliated)	(b).....	.....
2.11	Preferred stocks of affiliates	(b).....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e)..... 191,717	..... 187,428
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....	.....
10.	Total gross investment income .....	..... 194,327	..... 190,067
11.	Investment expenses		(g)..... 191,281
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h)..... 516,429
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....
16.	Total deductions (Lines 11 through 15) .....		..... 707,710
17.	Net Investment income (Line 10 minus Line 16) .....		..... (517,643)
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....
1501.	.....	.....	.....
1502.	.....	.....	.....
1503.	.....	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....	.....	.....
(a) Includes \$.....0 accrual of discount less \$.....30,776 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.			
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.			
(e) Includes \$.....0 accrual of discount less \$.....15,786 amortization of premium and less \$.....7,727 paid for accrued interest on purchases.			
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.			
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.			
(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds					
1.1	Bonds exempt from U.S. tax					
1.2	Other bonds (unaffiliated)					
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)					
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)					
DETAILS OF WRITE-INS						
0901.	.....	.....	.....	.....	.....	.....
0902.	.....	.....	.....	.....	.....	.....
0903.	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page ..	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) ..	.....	.....	.....	.....	.....

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
2.1	Preferred stocks			
2.2	Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens			
3.2	Other than first liens			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company			
4.2	Properties held for the production of income			
4.3	Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Other invested assets (Schedule BA)			
8.	Receivables for securities			
9.	Aggregate write-ins for invested assets			
10.	Subtotals, cash and invested assets (Lines 1 to 9)			
11.	Title plants (for Title insurers only)			
12.	Invested income due and accrued			
13.	Premium and considerations:			
13.1	Uncollected premiums and agents' balances in the course of collection		482	482
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3	Accrued retrospective premiums			
14.	Reinsurance:			
14.1	Amounts recoverable from reinsurers			
14.2	Funds held by or deposited with reinsured companies			
14.3	Other amounts receivable under reinsurance contracts			
15.	Amounts receivable relating to uninsured plans			
16.1	Current federal and foreign income tax recoverable and interest thereon			
16.2	Net deferred tax asset		18,593,295	18,593,295
17.	Guaranty funds receivable or on deposit			
18.	Electronic data processing equipment and software			
19.	Furniture and equipment, including health care delivery assets			
20.	Net adjustment in assets and liabilities due to foreign exchange rates			
21.	Receivables from parent, subsidiaries and affiliates			
22.	Health care and other amounts receivable	6,692,234	465,687	(6,226,547)
23.	Aggregate write-ins for other than invested assets			
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	6,692,234	19,059,464	12,367,230
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26.	Total (Lines 24 and 25)	6,692,234	19,059,464	12,367,230
DETAILS OF WRITE-INS				
0901.	.....		
0902.	.....		
0903.	.....		
0998.	Summary of remaining write-ins for Line 9 from overflow page			
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)			
2301.	.....		
2302.	.....		
2303.	.....		
2398.	Summary of remaining write-ins for Line 23 from overflow page			
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)			

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations .....	.....	.....	.....	.....	.....	.....
2.	Provider Service Organizations .....	.....	.....	.....	.....	.....	.....
3.	Preferred Provider Organizations	45,386	38,517	39,209	41,761	43,384	482,570
4.	Point of Service .....	.....	.....	.....	.....	.....	.....
5.	Indemnity Only .....	.....	.....	.....	.....	.....	.....
6.	Aggregate write-ins for other lines of business .....	.....	.....	.....	.....	.....	.....
7.	TOTAL	45,386	38,517	39,209	41,761	43,384	482,570
DETAILS OF WRITE-INS							
0601.	.....	.....	.....	.....	.....	.....	.....
0602.	.....	.....	.....	.....	.....	.....	.....
0603.	.....	.....	.....	.....	.....	.....	.....
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	.....	.....	.....	.....	.....	.....
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	.....	.....	.....	.....	.....	.....

Notes to Financial Statements

1. Summary of Significant Accounting Policies

a. Accounting Practices

The accompanying financial statements of Care Improvement Plus South Central Insurance Company (“the Company”) have been prepared in conformity with accounting practices prescribed or permitted by the state of Arkansas for determining and reporting the financial conditions and results of operations of an insurance company for determining its solvency under Arkansas Insurance law. The National Association of Insurance Commissioners' (“NAIC”) Accounting Practices and Procedures Manual, (“NAIC SAP”) has been adopted as a component of prescribed or permitted practices by the state of Arkansas.

A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Arkansas is shown below:

	<u>2009</u>	<u>2008</u>
(1) Net Income Arkansas state basis	(11,188,186)	(47,534,969)
(2) State Prescribed Practices (Income):	-	-
(3) State Permitted Practices (Income):	-	-
(4) Net Income, NAIC SAP	(11,188,186)	(47,534,969)
(5) Statutory Surplus Arkansas basis	72,030,792	71,995,044
(6) State Prescribed Practices (Surplus):	-	-
(7) State Permitted Practices (Surplus):	-	-
(8) Statutory Surplus, NAIC SAP	72,030,792	71,995,044

b. Use of Estimates in the Preparation of the Financial Statements.

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

c. Accounting Policy

- (1) Cash and short-term investments include cash and US government and agency obligations with original dates of maturity of twelve months or less when purchased. Short-term investments are stated at amortized cost.
- (2) Bonds are stated at amortized cost using the scientific interest method.
- (3) Common stock is stated at market value.
- (4) The Company had no preferred stock.
- (5) The Company had no mortgage loans.
- (6) The Company had no loan-backed securities.
- (7) The Company had no investments in subsidiaries, controlled and affiliated companies.
- (8) The Company had no investments in joint ventures, partnerships and limited liability companies.
- (9) The Company had no derivatives.

Notes to Financial Statements

(10) The Company does utilize anticipated investment income as a factor in the premium deficiency calculation.

(11) Unpaid losses and loss adjustment expenses include amounts determined from claims estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumption and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

(12) The Company's capitalization policy has not changed.

(13) The Company's pharmaceutical rebate receivables are estimated based on a contractual per member per month (PMPM) and current volume. The majority of rebates are billed or confirmed within 60 days at the end of each quarter. The rebates are then paid in accordance with contract terms with the Company's pharmacy benefit manager.

2. Accounting Changes and Corrections of Errors

None.

3. Business Combinations and Goodwill

a. Statutory Purchase Method – None.

b. Statutory Merger – None.

c. Assumption Reinsurance – None.

d. Impairment Loss – None.

4. Discontinued Operations

None.

5. Investments

a. Mortgage Loans – None.

b. Debt Restructuring – None.

c. Reverse Mortgages – None.

d. Loan-Backed Securities – None.

e. Repurchase Agreements – None.

f. Real Estate – None.

g. Low-income housing tax credits (LIHTC) – None.

6. Joint Ventures, Partnerships and Limited Liability Companies

The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies.

Notes to Financial Statements

7. Investment Income

- a. All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default are excluded from surplus.
- b. The Company had no investment income due and accrued excluded from surplus.

8. Derivative Instruments

None.

9. Income Taxes

The Company recognizes a deferred tax asset or liability for the expected future tax effects attributable to the temporary difference between the tax and financial statement bases of assets and liabilities. Deferred tax assets and liabilities are adjusted to reflect changes in tax rates or other provisions of the tax law in the period in which such changes are enacted. Deferred tax assets are recognized unless it is more likely than not, that some portion or all of the deferred tax assets will not be recovered.

- a. (1) – (6) The components of the net deferred tax assets (liabilities) at December 31, 2009 and December 31, 2008 are as follows:

	December 31, 2009	December 31, 2008
Total Gross Deferred Tax Assets	\$23,828,048	\$18,593,295
Statutory Valuation Allowance	(23,828,048)	-
Adjusted Gross Deferred Tax Assets	-	18,593,295
Total Deferred Tax Liabilities	-	-
Net Deferred Tax Assets	-	18,593,295
Deferred Tax Asset Nonadmitted	-	(18,593,295)
Net Admitted Deferred Tax Asset	-	-
(Increase) Decrease in nonadmitted asset	\$18,593,295	\$(1,656,753)

- (7) – (10) The Company has not elected to admit DTAs pursuant to paragraph 10.e of to SSAP No. 10R, Income Taxes – Revised, A Temporary Replacement of SSAP No. 10. Such election was not available in 2008.
- b. All DTL's have been recognized.
- c. Current income taxes incurred consists of the following major components:

	2009	2008
Current Federal Income Tax Expense	\$(4,249,008)	\$(10,471,000)
Prior year over benefit	2,816,241	-
Federal income taxes incurred	\$(1,432,767)	\$(10,471,000)

Notes to Financial Statements

The main components of the deferred tax amounts are as follows:

	2009	2008
Unearned Premium Revenue	\$630	\$7,585
IBNR	729,566	741,684
Bad debts	2,505,614	2,318,216
Non-Admitted Assets	2,342,282	163,159
NOL	18,249,956	15,362,652
Gross Deferred Tax Assets	\$23,828,048	\$18,593,295
Statutory Valuation Allowance	(23,828,048)	-
Adjusted Gross Deferred Tax Assets	-	\$18,593,295
Total Non-admitted Deferred Tax Assets	-	(18,593,295)
Admitted Deferred Tax Assets	-	-
Gross Deferred Tax Liabilities	-	-
Net Admitted Deferred Tax Assets	-	-

The change in net deferred income taxes is comprised of the following:

	2009	2008	Change
Total Deferred Tax Assets	\$23,828,048	\$18,593,295	\$5,234,753
Statutory Valuation Allowance	(23,828,048)	-	(23,828,048)
Total Deferred Tax Liabilities	-	-	-
Net Deferred Tax Assets	-	\$18,593,295	\$(18,593,295)
Non-Admitted Deferred Tax Assets	-	(18,593,295)	18,593,295
Change in net deferred income tax			-

d. Reconciliation of Federal income Tax Rate to Actual Effective Tax Rate

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before taxes. The significant items causing this difference are as follows:

	2009	Effective Tax Rate
Provision computed at statutory rate	\$ (4,417,333)	-35.00%
Prior year over benefit	2,816,241	22.31%
Other	168,326	1.33%
Total	\$ (1,432,767)	-11.35%
Federal income tax incurred	\$ (1,432,767)	-11.35%
Change in net deferred income tax	-	0.00%
Total statutory income taxes	\$ (1,432,767)	-11.35%

e. As of December 31, 2009, Care Improvement Plus of South Central Insurance has \$52,142,731 of net operating loss carryforwards, of which \$21,944,793 expires on 12/31/2027 and \$30,197,938 expires on 12/31/2028.

The following are income taxes incurred in the current and prior years which would be available for recoupment in the event of future net losses:

2009	\$-
2008	\$-

Notes to Financial Statements

f. (1) The Company's tax return is combined with the following entities of XLHealth Corporation, Inc.:

XLHealth Corporation, Inc. (the "Parent")
 XLHealth Texas, Inc.
 XLHealth BIPA, Inc.
 Care Improvement Associates of Pennsylvania, Inc.
 Care Improvement Associates of Texas, Inc.
 Care Improvement Plus of Alabama Insurance Company
 Care Improvement Plus of Maryland, Inc.
 Care Improvement Plus of North Carolina Insurance Company
 Care Improvement Plus of South Central Insurance Company
 Care Improvement Plus of Tennessee Insurance Company
 Care Improvement Plus of Texas Insurance Company
 Care Improvement Plus of Virginia Insurance Company
 Care Improvement Reinsurance Corporation of America

(2) Pursuant to a written tax-sharing agreement between XLHealth Corporation, Inc. and Care Improvement Plus of South Central Insurance Company, each year the group's tax liability is charged to those members with positive separate company taxable income as computed on a "stand alone liability" basis with those members generating tax benefits (i.e. losses) being reimbursed as the tax benefits are utilized by other members of the group, as set forth in the executed tax-sharing agreement. As of December 31, 2009, payments have been received in the amount of \$7,654,758 (relating to the 2008 tax year) under the tax-sharing agreement.

10. Information Concerning Parent, Subsidiaries and Affiliates

a, b, c, d & f The Company has an administrative agreement with XLHealth Corporation to provide all administrative services. The Company incurred \$137,888,701 and \$101,492,928 in management expenses to XLHealth Corporation in 2009 and 2008, respectively.

The Company has an income tax receivable in the amount of \$4,249,009 and \$10,471,000 from XLHealth Corporation at the end of 2009 and 2008, respectively, in accordance with the Tax Sharing Agreement.

The Company has an outstanding receivable from XLHealth Corporation of \$862,555 and \$3,013,607 at the end of 2009 and 2008, respectively, for settlement of intercompany activities.

XLHealth Corporation contributed \$4,650,000 January 27, 2009, \$1,800,000 January 28, 2009, \$2,000,000 December 28, 2009, and \$9,000,000 February 18, 2010 into the Company to assure the Company had sufficient capital and surplus to meet the state regulatory requirements. The February 2010 capital infusion is approved by the Arkansas Department of Insurance as a SSAP No. 72 receivable from XLHealth Corporation.

- e. There are no guarantees or undertakings for the benefit of any affiliate or related party.
- g. All outstanding shares of the Company are owned by the parent company, XLHealth Corporation, an insurance holding company incorporated in the State of Maryland.
- h. The Company does not have any ownership in its Parent Company.
- i. The Company does not have any ownership in any SCA Companies.
- j. The Company does not have any ownership in any SCA Companies.
- k. The Company does not have any ownership in any foreign SCA Companies.

Notes to Financial Statements

1. The Company does not have any ownership in any downstream noninsurance holding company.

11. Debt

None.

12. Retirement Plans, Deferred Compensation, Post-Employment Benefits, Compensated Absences and other Postretirement Benefit Plans.

- a. Defined Benefit Plan – None.
- b. Deferred Compensation Plan – None.
- c. Multi-Employer Plan – None.
- d. Consolidated/Holding Company Plans – None.
- e. Post-Employment Benefits and Compensated Absences – None.
- f. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) – None.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- (1) The Company has 100,000 shares of common stock authorized, issued and outstanding at a par value of \$7.50. The Company amended its articles of incorporation to increase the par value of common stock issued from \$1.00 to \$7.50. Thus, the Company transferred \$650,000 of contributed surplus into common stock on page 3.
- (2) The Company has no preferred stock outstanding.
- (3) Dividends are paid as determined by the Board of Directors with the approval of the Commissioner of the Arkansas Insurance Department, as long as the Company meets or exceeds minimum surplus requirements.
- (4) During 2009, the Company paid no dividends.
- (5) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- (6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being paid.
- (7) The Company has no advances to surplus not repaid.
- (8) The Company held no stock.
- (9) There were no changes to the balances of any special surplus funds from the prior year.
- (10.) Portion of unassigned funds represented or reduced by unrealized gains or losses is \$0.
- (11) The Company did not issue any surplus debentures or similar obligations.
- (12) and (13) There have been no quasi-reorganizations.

Notes to Financial Statements

14. Contingencies

- a. Contingent Commitments – None.
- b. Assessments – None.
- c. Gain Contingencies – None.
- d. Claims related extra contractual obligations and bad faith losses stemming from lawsuits – None.
- e. All Other Contingencies – None.

15. Leases

None.

16. Information about Financial Instruments with off-balance sheet risk and financial instruments with concentrations of credit risk.

None.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities.

- a. Transfers of Receivables reported as Sales – None.
- b. Transfer and Servicing of Financial Assets – None.
- c. Wash Sales – None.

18. Gain or Loss to the Reporting Entity from Uninsured A & H Plans and the Uninsured Portion of Partially Insured Plans.

- a. ASO Plans – None.
- b. ASC Plans – None.
- c. Medicare or Other Similarly Structured Cost Based Reimbursement Contract:
 - a. Revenue from the Company's Medicare Part D (or similarly structured cost based reimbursement contract) for the year 2009, consisted of \$ \$35,217,958 for pharmacy expenses.
 - b. As of December 31, 2009, the Company recorded a receivable from CMS whose account balances are greater than 10% of the Company's amounts receivable from uninsured accident and health plans or \$10,000. The total balance for the Medicare Part D Low-income Subsidy and Reinsurance Subsidy is \$28,729,500.
 - c. In connection with the Company's Medicare Part D (or similarly structured cost based reimbursement contract) contract, the Company has recorded allowances and reserves for adjustment of recorded revenues in the amount of \$0 at December 31, 2009.
 - d. The Company has made no adjustment to revenue resulting from audit of receivables related to revenues recorded in the prior period.

Notes to Financial Statements

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators.

Name and Address of Managing General Agent or Third Party Administrator	FEIN Number	Exclusive Contract	Types of Business Written	Type of Authority Granted*	Total Direct Premiums Written / Produced By
Parker & Associates 3800 Highway 45N Meridian MS, 39301	64-0798107	NO	Health	None	\$190,106,768
Kingdom Group 515 North Broad St Thomasville, GA 31792	20-2858855	NO	Health	None	\$179,067,414
Cutler & Associates 3700 Forest Dr. Ste 205 Columbia, SC 29204	04-2521134	NO	Health	None	\$137,120,144
Brownstone Financial 3577A Chamblee Tucker Road, Suite 205 Atlanta, GA 30341	51-0538783	NO	Health	None	\$51,913,141
RB Insurance Grp, LLC 4500 S. Lakeshore Dr Ste 560 Tempe, AZ 85282	20-5049322	NO	Health	None	\$44,567,784
The Assurance Group 5035 Prospect Street Archdale, NC 27263	56-1672609	NO	Health	None	\$40,157,831
Southern Protective Grp 1004 Longwood Drive Woodstock, GA 30189	20-5774860	NO	Health	None	\$31,502,857
Integrated Benefits 1510 Kanawha Blvd. E Charleston, WV 25311	55-0712515	NO	Health	None	\$16,021,965
Intl Bank of Commerce 5300 Walzem Road, Suite 200 San Antonio, TX 78218	74-2799123	NO	Health	None	\$6,604,048
Total					\$697,061,951

* Authority Codes Sample Listing:

- C – Claims Payment
- CA – Claims Adjustment
- R – Reinsurance Ceding
- B – Binding Authority
- P – Premium Collection
- U – Underwriting

20. Other Items

- a. Extraordinary Items – None.
- b. Troubled Debt Restructuring – None.
- c. Other Disclosures – None.
- d. There are no balances of assets covered by SSAP No. 6, Uncollected Premium Balances, Bills Receivable for Premiums, and Amounts Due From Agents and Brokers, SSAP No. 47, Uninsured Plans, or SSAP No. 66, Retrospectively Rated Contracts.
- e. Business Interruption Insurance Recoveries - None.
- f. State Transferable Tax Credits - None.
- g. Subprime Related Risk Exposure – None.

Notes to Financial Statements

21. Events Subsequent

Type I. – Recognized Subsequent Events

Subsequent events have been considered through 02/25/2010 for the statutory statement issued on December 31, 2009.

XLHealth Corporation made a cash contribution on February 18, 2010 to the Company of \$9,000,000 as approved by the Arkansas Insurance Department. This contributed capital is reflected as a receivable from XLHealth Corporation in the annual statement.

Type II. – Nonrecognized Subsequent Events

Subsequent events have been considered through 02/25/2010 for the statutory statement issued on December 31, 2009.

None.

22. Reinsurance

a. Ceded Reinsurance Report

Section 1 – General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes () No (x)

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes () No (x)

Section 2 – Ceded Reinsurance Report – Part A

(1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes () No (x)

(2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes () No (x)

Section 3 – Ceded Reinsurance Report – Part B – Not applicable.

b. Uncollectible Reinsurance – None.

c. Commutation of Ceded Reinsurance – None.

Notes to Financial Statements

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

- a. The Company estimates accrued retrospective premium adjustments for its Medicare Part D Risk Corridor adjustment based on the contract with CMS and actuarial estimates.
- b. The Company records accrued retrospective premium as an adjustment to earned premium.
- c. The amount of net premiums written by the Company as of December 31, 2009 that are subject to retrospective rating features was \$49,628,401 that represented 6.7% of total net premiums written for Medicare. No other net premiums written by the Company are subject to retrospective rating features.

24. Change in Incurred Claims and Claims Adjustment Expenses

Reserves as of December 31, 2008 were \$107,557,458. As of December 31, 2009, \$103,012,287 has been paid for incurred claims and claims adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$704,904 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Medicare line of business. Therefore, there has been a \$3,840,268 favorable prior-year development since December 31, 2008 to December 31, 2009. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

25. Intercompany Pooling Arrangements

None.

26. Structured Settlements

None.

27. Health Care Receivables

- a. Pharmaceutical Rebate Receivables

	Estimated Pharmacy Rebates as Reported	Pharmacy Rebates as Billed or Confirmed	Rebates received within 90 days	Rebates Received within 91 to 180 days	Rebates Received more than 180 days
12/31/2009	7,231,170	-	-	-	-
09/30/2009	6,648,124	3,380,972	-	-	-
06/30/2009	6,519,968	3,267,152	3,264,660	-	-
3/31/2009	4,576,377	3,252,816	3,391,822	(139,006)	-
12/31/2008	2,099,913	2,518,472	113,962	939,436	-
9/30/2008	5,834,784	5,105,000	1,771,957	113,533	-
6/30/2008	1,662,850	3,235,000	1,662,852	-	113,004
3/31/2008	3,915,782	3,255,000	772,565	1,174,737	219,003
12/31/2007	2,147,000	-	747,188	1,403,269	312,595
9/30/2007	2,001,000	-	666,762	743,796	219,210
6/30/2007	387,000	-	205,513	318,098	133,090
3/31/2007	-	-	83,787	108,757	14,376

- b. Risk Sharing Receivables – None.

Notes to Financial Statements

28. Participating Policies

None.

29. Premium Deficiency Reserves

As of December 31, 2009, the Company has no liabilities related to premium deficiency reserves. The Company considered anticipated investment income when calculating its premium deficiency reserve.

30. Anticipated Salvage and Subrogation

None.

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[] N/A[]
ARKANSAS
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[X] No[]
- 2.2 If yes, date of change:

06/09/2009
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2008
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2008
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

12/22/2009
- 3.4 By what department or departments?

Arkansas Department of Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes[X] No[] N/A[]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes[X] No[] N/A[]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?

Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?

Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

0.000%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

PricewaterhouseCoopers LLP 100 East Pratt Street, Suite 1900, Baltimore, MD 21202
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Patrick J. Dunks Milliman 15800 Bluemound Rd Suite 400 Brookfield WI 53005-6069 Actuary/Consultant
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[] No[X]
- 11.11 Name of real estate holding company
- 11.12 Number of parcels involved

0
- 11.13 Total book/adjusted carrying value

\$ 0
- 11.2 If yes, provide explanation
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[] No[] N/A[X]
- 12.3 Have there been any changes made to any of the trust indentures during the year?

Yes[] No[] N/A[X]

GENERAL INTERROGATORIES (Continued)

- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes[] No[] N/A[X]
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes[X] No[]

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

13.11 If the response to 13.1 is No, please explain:

13.2 Has the code of ethics for senior managers been amended?

Yes[] No[X]

13.21 If the response to 13.2 is Yes, provide information related to amendment(s).

13.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[] No[X]

13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).
- BOARD OF DIRECTORS
14. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[X] No[]

15. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[]

16. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes[X] No[]
- FINANCIAL
17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes[] No[X]

18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

18.11 To directors or other officers

\$ 0

18.12 To stockholders not officers

\$ 0

18.13 Trustees, supreme or grand (Fraternal only)

\$ 0

18.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

18.21 To directors or other officers

\$ 0

18.22 To stockholders not officers

\$ 0

18.23 Trustees, supreme or grand (Fraternal only)

\$ 0

19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[] No[X]

19.2 If yes, state the amount thereof at December 31 of the current year:

19.21 Rented from others

\$ 0

19.22 Borrowed from others

\$ 0

19.23 Leased from others

\$ 0

19.24 Other

\$ 0

20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[] No[X]

20.2 If answer is yes:

20.21 Amount paid as losses or risk adjustment

\$ 0

20.22 Amount paid as expenses

\$ 0

20.23 Other amounts paid

\$ 0

21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[X] No[]

21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$ 9,862,556
- INVESTMENT
- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3)

Yes[X] No[]

22.2 If no, give full and complete information, relating thereto:

22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet, (an alternative is to reference Note 16 where this information is also provided)

22.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes[] No[] N/A[X]

22.5 If answer to 22.4 is YES, report amount of collateral

\$ 0

22.6 If answer to 22.4 is NO, report amount of collateral

\$ 0

23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3).

Yes[X] No[]

23.2 If yes, state the amount thereof at December 31 of the current year:

23.21 Subject to repurchase agreements

\$ 0

23.22 Subject to reverse repurchase agreements

\$ 0

23.23 Subject to dollar repurchase agreements

\$ 0

23.24 Subject to reverse dollar repurchase agreements

\$ 0

23.25 Pledged as collateral

\$ 0

23.26 Placed under option agreements

\$ 0

23.27 Letter stock or securities restricted as to sale

\$ 0

23.28 On deposit with state or other regulatory body

\$ 1,643,236

23.29 Other

\$ 0

23.3 For category (23.27) provide the following:
- | 1 | 2 | 3 |
|-----------------------|-------------|--------|
| Nature of Restriction | Description | Amount |
| | | |
- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[] No[X]

24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[] No[] N/A[X]

If no, attach a description with this statement.

25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[] No[X]

25.2 If yes, state the amount thereof at December 31 of the current year.

\$ 0

26.1

GENERAL INTERROGATORIES (Continued)

26. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?
- 26.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:
- Yes☒ No☐

1 Name of Custodian(s)	2 Custodian's Address
Goldman Sachs	Philadelphia, PA

- 26.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....

- 26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year?
- 26.04 If yes, give full and complete information relating thereto:
- Yes☐ No☒

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

- 26.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
361	Goldman Sachs	1735 Market St. 26th Floor Philadelphia, PA 19103

- 27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?
- 27.2 If yes, complete the following schedule:
- Yes☐ No☒

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
27.2999 Total

- 27.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....

28. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds .....	..... 69,917,174	..... 69,916,784	..... (390)
28.2 Preferred stocks .....	.....	.....	.....
28.3 Totals .....	..... 69,917,174	..... 69,916,784	..... (390)

- 28.4 Describe the sources or methods utilized in determining the fair values
- Year end statements provided by custodian

- 29.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?
- 29.2 If yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?
- 29.3 If no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
- Yes☒ No☐
- Yes☒ No☐ N/A☐

- 30.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?
- 30.2 If no, list exceptions:
- Yes☒ No☐

GENERAL INTERROGATORIES (Continued)
OTHER

31.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$..... 0
31.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....

32.1 Amount of payments for legal expenses, if any? \$..... 0
32.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....

33.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$..... 0
33.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
.....

FIVE-YEAR HISTORICAL DATA

	1 2009	2 2008	3 2007	4 2006	5 2005
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 26)	183,116,300	201,221,838	204,337,984	1,939,000	
2. TOTAL Liabilities (Page 3, Line 22)	111,085,507	129,226,795	168,013,306	103,123	
3. Statutory surplus				26,040	
4. TOTAL Capital and Surplus (Page 3, Line 31)	72,030,793	71,995,044	36,324,678	1,835,877	
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	745,346,933	690,374,391	389,167,642		
6. TOTAL Medical and Hospital Expenses (Line 18)	616,812,401	643,113,427	362,989,104		
7. Claims adjustment expenses (Line 20)	60,905,155	42,331,756	43,535,225		
8. TOTAL Administrative Expenses (Line 21)	77,139,462	58,583,372	33,973,015		
9. Net underwriting gain (loss) (Line 24)	(9,510,085)	(53,654,164)	(51,329,702)		
10. Net investment gain (loss) (Line 27)	(517,643)	3,669,230	2,263,083	26,040	
11. TOTAL Other Income (Lines 28 plus 29)	(2,593,226)	(8,021,036)			
12. Net income or (loss) (Line 32)	(11,188,187)	(47,534,970)	(49,066,619)	26,040	
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(47,968,937)	(109,980,555)	89,493,354	5,130	
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	72,030,793	71,995,044	36,324,678		
15. Authorized control level risk-based capital	24,154,418	25,135,144	14,462,896		
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	43,384	45,386	57,258		
17. TOTAL Members Months (Column 6, Line 7)	482,570	528,609	338,739		
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	82.8	93.2	93.3		
20. Cost containment expenses	3.3	2.8	6.6		
21. Other claims adjustment expenses	4.9	3.3	4.6		
22. TOTAL Underwriting Deductions (Line 23)	101.3	107.8	113.2		
23. TOTAL Underwriting Gain (Loss) (Line 24)	(1.3)	(7.8)	(13.2)		
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	102,250,850	141,923,205			
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	103,589,199	140,822,974			
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[] No[] N/A[X]

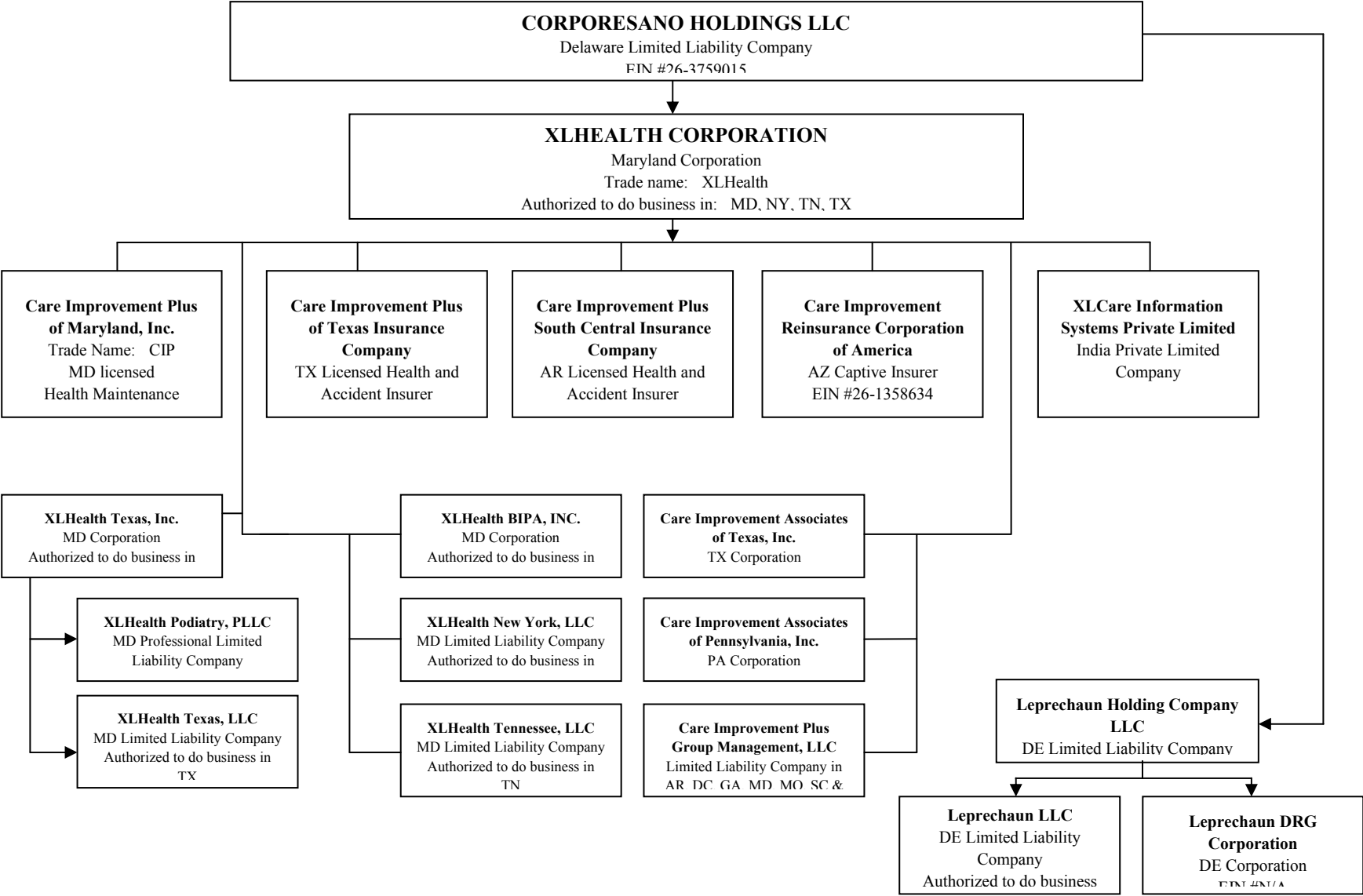
If no, please explain::

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
ALLOCATED BY STATES AND TERRITORIES

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	L		105,334,546					105,334,546	
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	N								
10.	Florida (FL)	N								
11.	Georgia (GA)	L		275,808,566					275,808,566	
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	N								
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	L		50,650,410					50,650,410	
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	L		317,024,811					317,024,811	
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Marianas Islands (MP)	N								
57.	Canada (CN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X		748,818,333					748,818,333	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	TOTAL (Direct Business)	(a).... 4		748,818,333					748,818,333	
DETAILS OF WRITE-INS										
5801.		X X X								
5802.		X X X								
5803.		X X X								
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

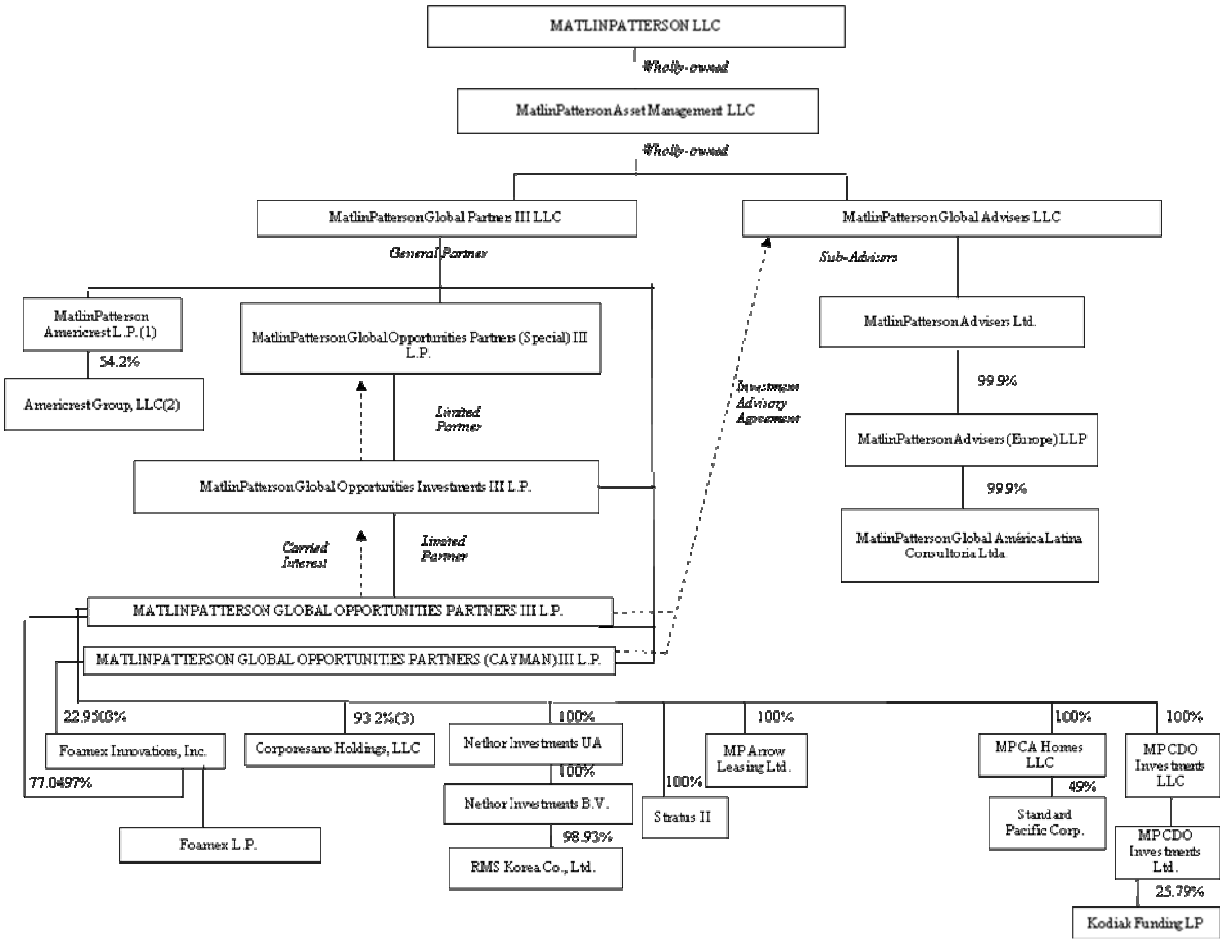
(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.: Premiums are allocated to each state based on residence of member.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

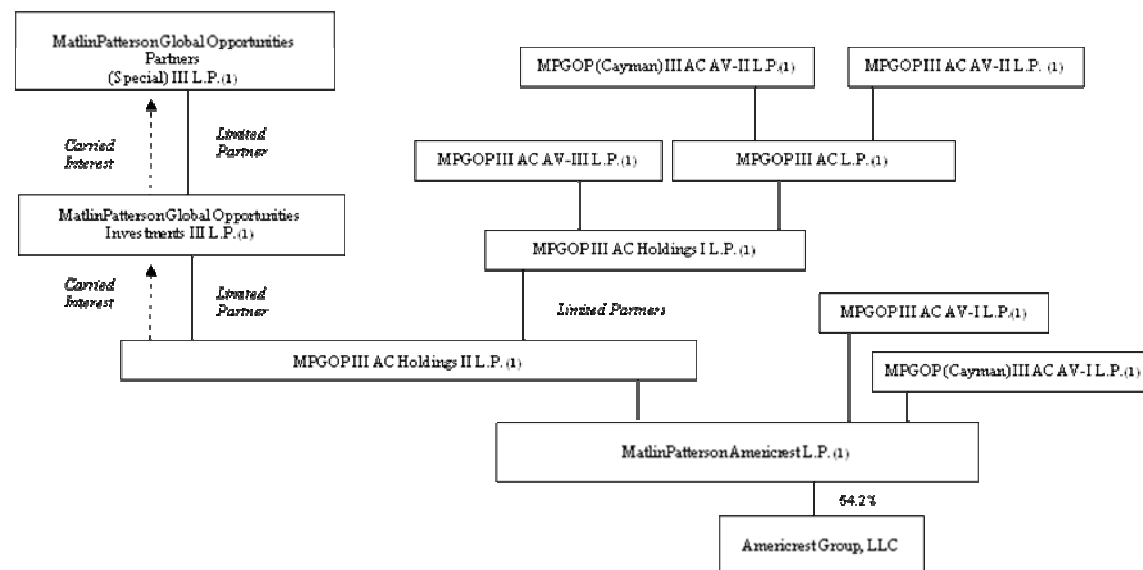


SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

ORGANIZATION CHART - MATLINPATTERSON GLOBAL OPPORTUNITIES PARTNERS III
(Confidential)

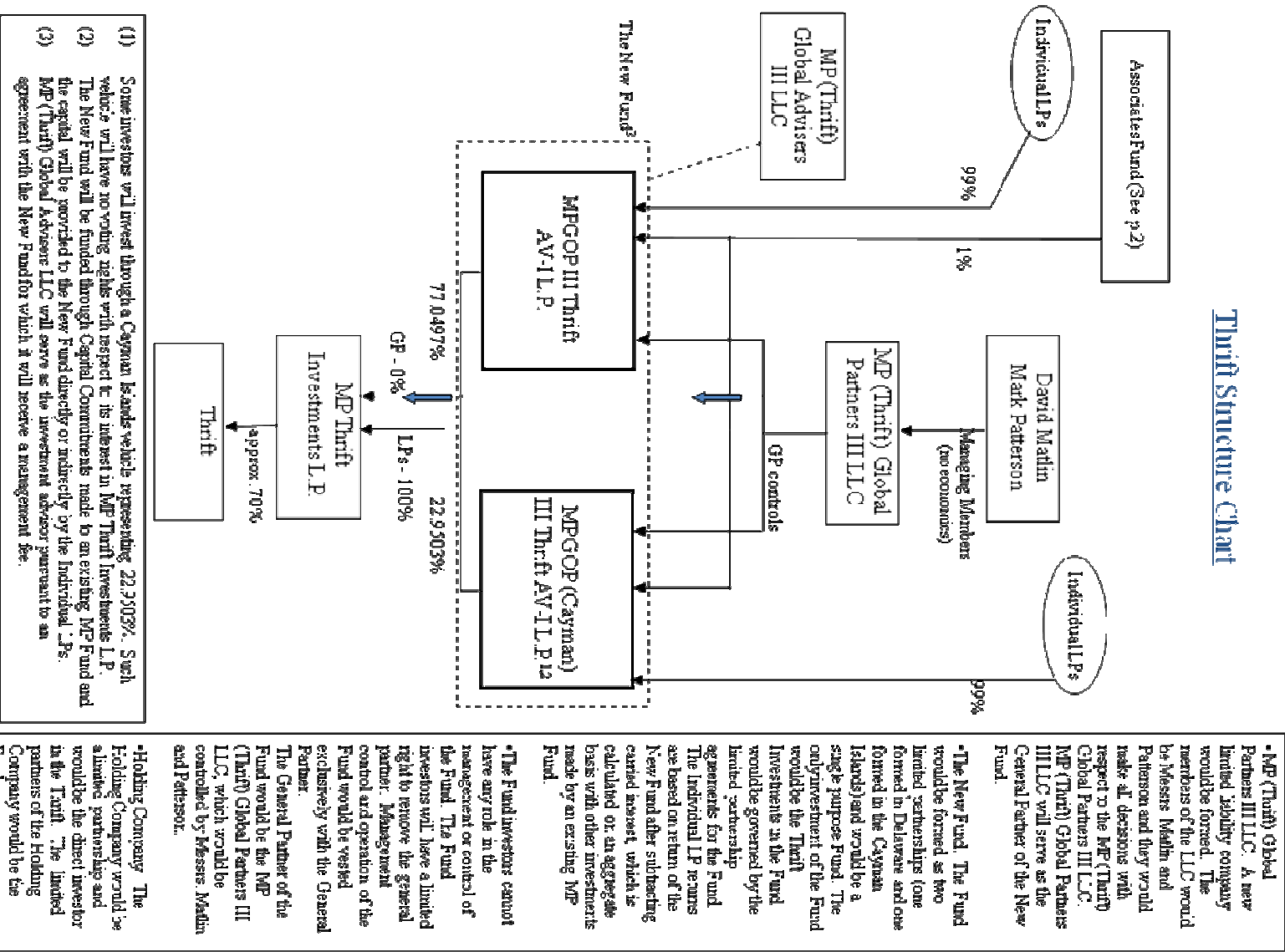


**ORGANIZATION CHART
AMERICREST GROUP, LLC
(Confidential)**

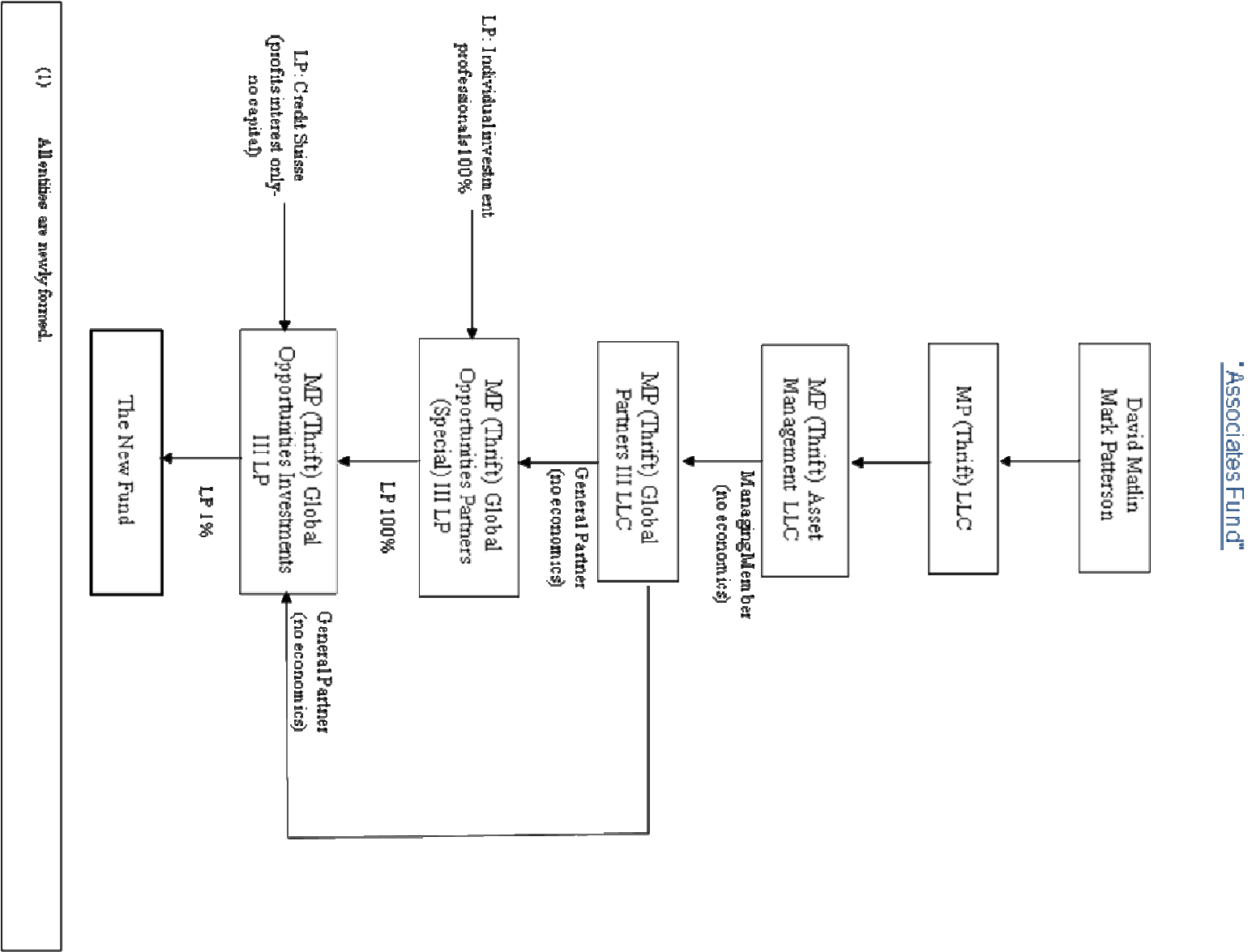


4. Not a Partner or General Partner: LLC is the general partner

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

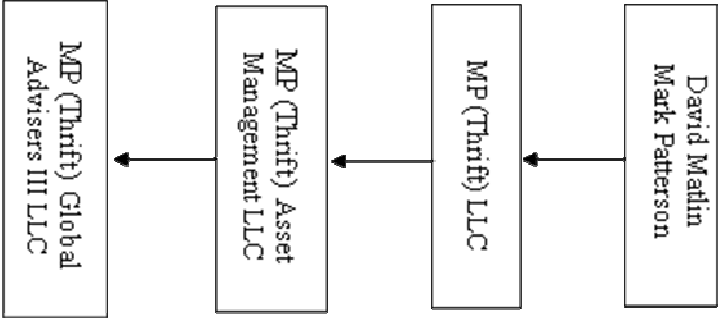


SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



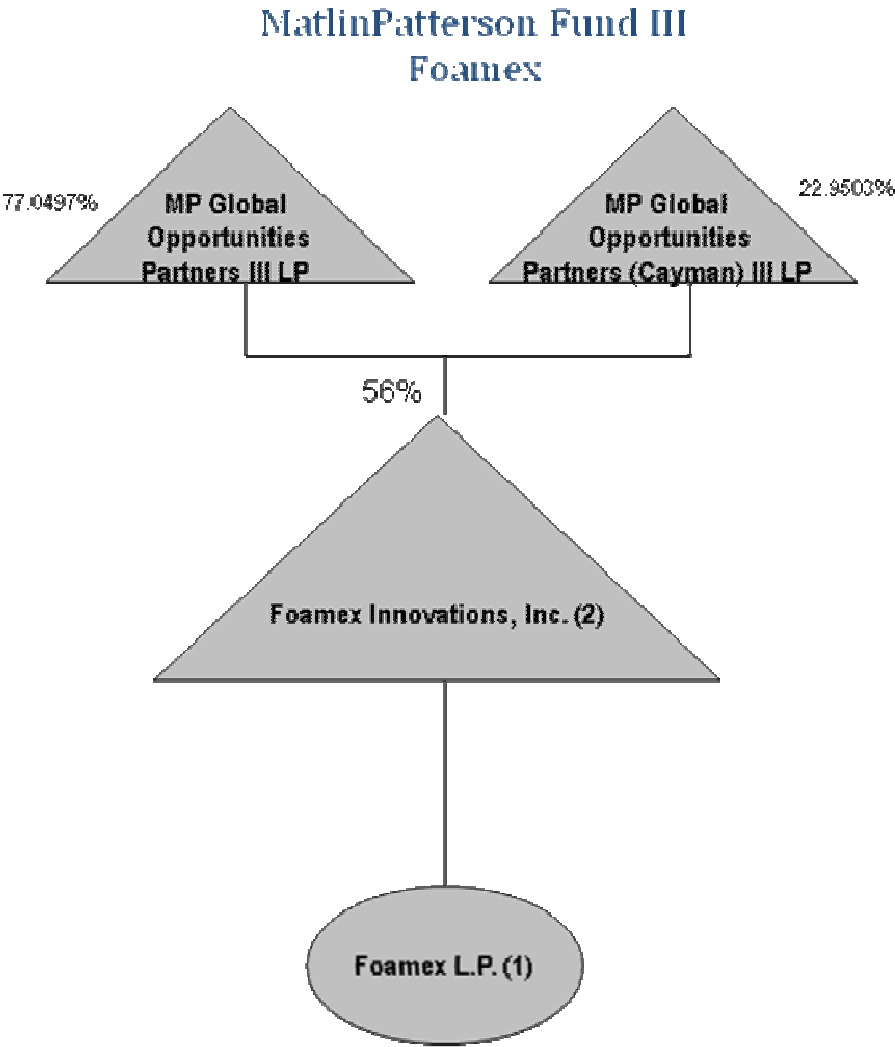
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

Investment Advisor



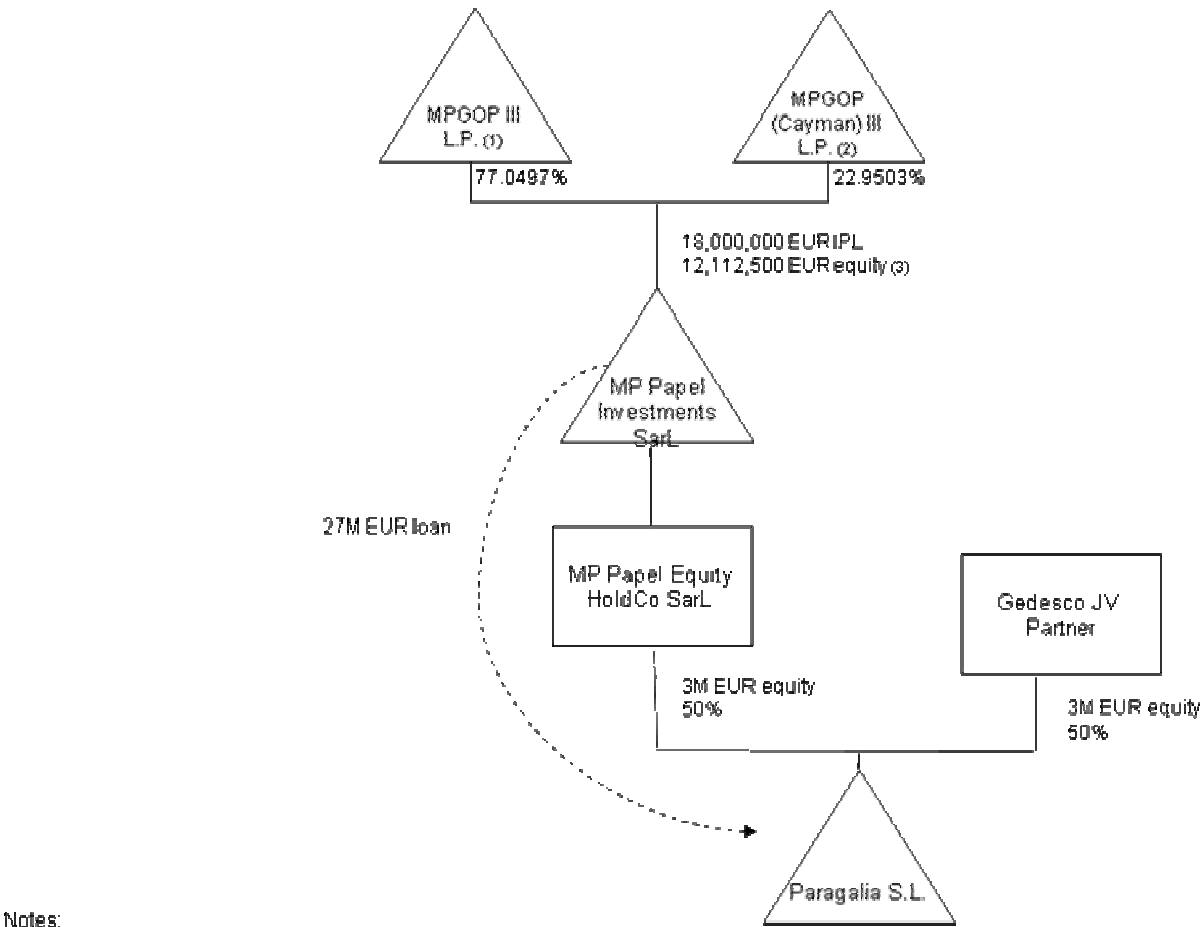
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SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

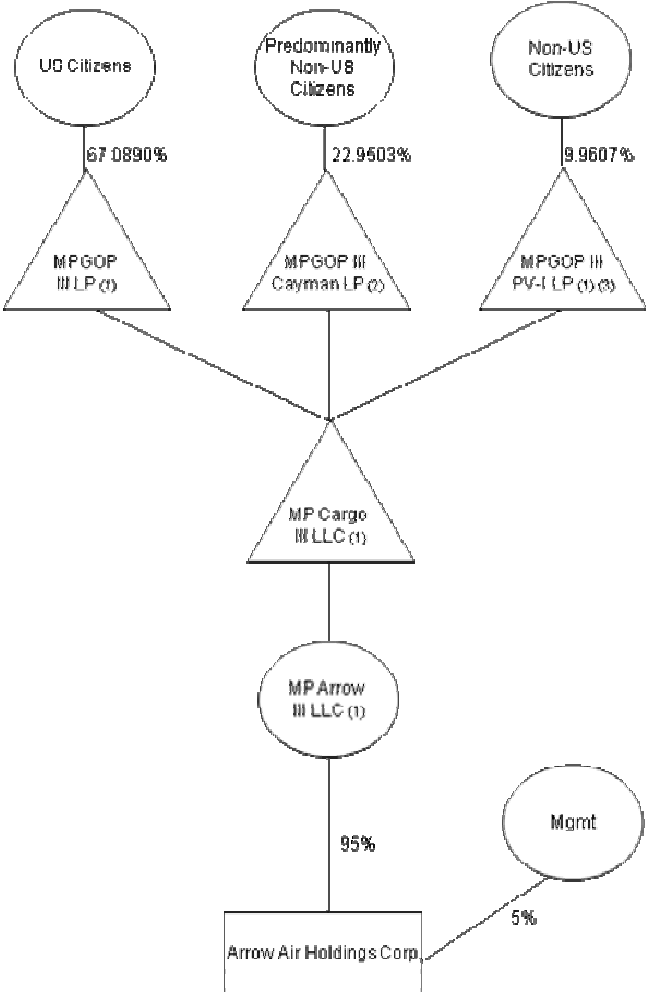
MatlinPatterson Global Opportunities Partners Fund III
Gedesco JV Investment



Notes:
1. Delaware entity
2. Cayman entity
3. EUR 12,500 initial capital + EUR 500,000 capital increase 7/22/2009 + add'l equity of EUR 11,600,000

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

MatlinPatterson Global Opportunities Partners Fund III
Investment in Arrow Air Holdings Inc.



(1) Delaware Entity
(2) Cayman Entity
(3) Legal Name is MPGOP III ArrowPV-I LP

**INDEX TO HEALTH
ANNUAL STATEMENT**

Analysis of Operations By Lines of Business	7
Assets	2
Cash Flow	6
Exhibit 1 - Enrollment By Product Type for Health Business Only	17
Exhibit 2 - Accident and Health Premiums Due and Unpaid	18
Exhibit 3 - Health Care Receivables	19
Exhibit 4 - Claims Unpaid and Incentive Pool, Withhold and Bonus	20
Exhibit 5 - Amounts Due From Parent, Subsidiaries and Affiliates	21
Exhibit 6 - Amounts Due To Parent, Subsidiaries and Affiliates	22
Exhibit 7 - Part 1 - Summary of Transactions With Providers	23
Exhibit 7 - Part 2 - Summary of Transactions With Intermediaries	23
Exhibit 8 - Furniture, Equipment and Supplies Owned	24
Exhibit of Capital Gains (Losses)	15
Exhibit of Net Investment Income	15
Exhibit of Nonadmitted Assets	16
Exhibit of Premiums, Enrollment and Utilization (State Page)	29
Five-Year Historical Data	28
General Interrogatories	26
Jurat Page	1
Liabilities, Capital and Surplus	3
Notes To Financial Statements	25
Overflow Page For Write-ins	41
Schedule A - Part 1	E01
Schedule A - Part 2	E02
Schedule A - Part 3	E03
Schedule A - Verification Between Years	SI02
Schedule B - Part 1	E04
Schedule B - Part 2	E05
Schedule B - Part 3	E06
Schedule B - Verification Between Years	SI02
Schedule BA - Part 1	E07
Schedule BA - Part 2	E08
Schedule BA - Part 3	E09
Schedule BA - Verification Between Years	SI03
Schedule D - Part 1	E10
Schedule D - Part 1A - Section 1	SI05
Schedule D - Part 1A - Section 2	SI08
Schedule D - Part 2 - Section 1	E11
Schedule D - Part 2 - Section 2	E12
Schedule D - Part 3	E13
Schedule D - Part 4	E14
Schedule D - Part 5	E15
Schedule D - Part 6 - Section 1	E16
Schedule D - Part 6 - Section 2	E16
Schedule D - Summary By Country	SI04
Schedule D - Verification Between Years	SI03
Schedule DA - Part 1	E17
Schedule DA - Verification Between Years	SI11
Schedule DB - Part A - Section 1	E18
Schedule DB - Part A - Section 2	E18
Schedule DB - Part A - Section 3	E19
Schedule DB - Part A - Verification Between Years	SI12
Schedule DB - Part B - Section 1	E19
Schedule DB - Part B - Section 2	E20
Schedule DB - Part B - Section 3	E20
Schedule DB - Part B - Verification Between Years	SI12
Schedule DB - Part C - Section 1	E21
Schedule DB - Part C - Section 2	E21
Schedule DB - Part C - Section 3	E22

INDEX TO HEALTH
ANNUAL STATEMENT

Schedule DB - Part C - Verification Between Years	SI13
Schedule DB - Part D - Section 1	E22
Schedule DB - Part D - Section 2	E23
Schedule DB - Part D - Section 3	E23
Schedule DB - Part D - Verification Between Years	SI13
Schedule DB - Part E - Section 1	E24
Schedule DB - Part E - Verification	SI13
Schedule DB - Part F - Section 1	SI14
Schedule DB - Part F - Section 2	SI15
Schedule E - Part 1 - Cash	E25
Schedule E - Part 2 - Cash Equivalents	E26
Schedule E - Part 3 - Special Deposits	E27
Schedule E - Verification Between Years	SI16
Schedule S - Part 1 - Section 2	30
Schedule S - Part 2	31
Schedule S - Part 3 - Section 2	32
Schedule S - Part 4	33
Schedule S - Part 5	34
Schedule S - Part 6	35
Schedule T - Part 2 - Interstate Compact	37
Schedule T - Premiums and Other Considerations	36
Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group	38
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates	39
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01
Supplemental Exhibits and Schedules Interrogatories	40
Underwriting and Investment Exhibit - Part 1	8
Underwriting and Investment Exhibit - Part 2	9
Underwriting and Investment Exhibit - Part 2A	10
Underwriting and Investment Exhibit - Part 2B	11
Underwriting and Investment Exhibit - Part 2C	12
Underwriting and Investment Exhibit - Part 2D	13
Underwriting and Investment Exhibit - Part 3	14